



**DEPARTMENT OF THE NAVY**  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
WASHINGTON, DC 20350-2000

IN REPLY REFER TO  
OPNAVINST 4440.26  
N412E

**05 JAN 1993**

**OPNAV INSTRUCTION 4440.26**

**From:** Chief of Naval Operations

**Subj:** GOVERNMENT FURNISHED MATERIAL (GFM) MANAGEMENT  
IN THE DOD SUPPLY SYSTEM

**Ref:** (a) SECNAVINST 4440.32A (NOTAL)  
(b) OPNAVINST 4423.4A (NOTAL)

1. Purpose. To issue policy, procedures and responsibilities for management of Government Furnished Material (GFM) issued from supply system inventories in the possession of Navy contractors.

2. Applicability. This instruction applies to:

a. Commands and activities determining requirements for contracts which provide Department of Defense (DOD) material as GFM.

b. Navy Management Control Activities (MCAs).

c. Inventory Managers (IMs) and Inventory Control Points (ICPs).

3. Definitions

a. Government Furnished Material (GFM). Property provided by the government for the purpose of being incorporated into or attached to a deliverable end item or that will be consumed or expended in performing a contract. GFM includes assemblies, components, parts, raw and process material, and small tools and supplies that may be consumed in normal use in performing a contract (FAR 45.301). It also includes items cited on allowance lists such as Support Material Lists (SMLs), Interim Support Items Lists (ISIL), Coordinated Shipboard Allowance Lists (COSAL) material awaiting loadout, and Installation and Check-Out (INCO) Kits. GFM does not include material provided to contractors on a cash sale basis nor does it include agency peculiar/military property which is government owned components or major end items being repaired by commercial contractors for return to the government.

b. Management Control Activity (MCA). A Department of Navy (DON) activity, or DOD activity delegated by DON, designated in the contract to:



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(1) Validate contractor submitted requisitions to obtain material from the DOD supply system against contractually specified requirements.

(2) Maintain the data base for a government owned and maintained management system which validates contractor submitted requisitions to obtain material from the DOD supply system against contractually specified requirements.

c. Requiring Activity. A Department of the Navy activity responsible for making and justifying the decision to provide GFM and for identifying and authorizing items of GFM to be provided.

#### 4. Policy

a. Decisions affecting Navy logistics functions relating to GFM management and reporting will be the responsibility of the Deputy Chief of Naval Operations (Logistics) (N4).

b. As stated in reference (a), it is DON policy that contractors shall provide all material required for the performance of contracts except when it is determined that furnishing material would achieve significant economy, standardization, or expedited production, or when it is otherwise in the government's best interest.

c. Access to DOD supply system inventories may be granted to contractors subject to restrictions specified in reference (a). Procedures for granting access are provided in paragraph 6.

d. GFM in excess of justified requirements is not authorized.

e. Management Control Activity (MCA) assignment and procedures in reference (a) will be strictly followed.

#### 5. Automated Data Processing (ADP) Systems For GFM Management. The following ADP systems are approved for use in managing GFM:

a. Contractor Aviation Material Management System (CAMMS).

b. Real-Time Outfitting Management Information System (ROMIS).

c. Standard Logistics Data Procedures System (SLDP).

d. Government Furnished Material Tracking System (GTS).

- e. Strategic Systems Project Office System.
- f. Other systems as approved by N4.

6. Procedures

a. Requirement Determination. When providing GFM is in the best interest of the Navy, the Requiring Activity will follow procedures specified in reference (a). The requirement for GFM will be fully justified, validated, and documented. Allowance lists, such as SMLs, ISILs, INCOS, and COSALs, which are prepared by the Navy, satisfy the requirement of reference (a). Listings of approved GFM, identifying each line item by National Stock Number (NSN) and quantity/specified level or categories, are to reside in the negotiated contract. To assist in determining the advantage in providing GFM, a bill of material, listing the NSN and quantity of each item required to produce the end item being acquired, should be obtained from the bidding contractors unless the size or complexity of the contract makes it impractical to do so. This bill of material listing should be used to query the Navy supply system to determine if on-hand stock excesses can be used to satisfy production line needs. The following requirement determination rules apply:

(1) For principal end item production. The exact quantity required to satisfy an approved production contract may be provided.

(2) For support of Government Furnished Equipment (GFE) furnished as GFM on end item production contracts. An amount based on expected demand through a single production contract period may be provided.

(3) For support of contractor depot repair lines. An amount based on expected depot level repairable inductions during the contract period may be provided. Remaining quantities may be transferred to new contracts for continuing depot services in accordance with the procedures in the Navy Acquisition Procedures Supplement 5245.390.

(4) For interim contractor supply support. Quantities recommended by use of an approved Readiness Based Sparing (RBS) model and RBS techniques as specified in reference (b). Interim allowance quantities should be computed to minimize on hand quantities at the conclusion of the interim period. Remaining quantities will be transitioned to the Navy supply system.

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b. Providing GFM. GFM may be either pushed by the Navy to the contractor, or requisitioned from the DOD supply system by the contractor. A system by which the Navy pushes the material is preferred. In instances where it is advantageous to let the contractor requisition GFM from the DOD supply system, the MCA will screen all requisitions to ensure that quantities requested are within limits negotiated in the applicable contract. Reference (a) allows screening by the approved automated GFM management systems identified in paragraph 5.

c. Bond Room Reports

(1) Upon installation of an approved automated GFM management system, the results of a wall to wall inventory of the contractor's bond room will be reviewed by a government official to establish justification and levels of all GFM held. Material that can not be justified will be processed for redistribution/disposal.

(2) Bond room inventory levels will be validated on a quarterly basis.

(3) Bond room reports will be provided to Inventory Control Point (ICP) inventory managers, who will utilize them in making acquisition and redistribution decisions. Prior to ICP reutilization of reported excesses, the owning activity must authorize the transfer of assets.

d. Excess Material. Material quantities are in excess if they exceed the planned requirements as stated in subparagraph 6a. To prevent the retention of excess GFM, Systems Commanders (SYSCOMS) will:

(1) Develop methods for processing and reporting the existence of excess GFM.

(2) Maintain visibility of excess GFM items by NSN, quantity, contract, and location.

(3) Identify excess items that are to be exempt from redistribution. Exemption is authorized if deemed to be in the best interest of the Navy. This decision must be justified in writing and maintained by the office maintaining GFM visibility.

(4) Provide visibility of excess GFM to the other SYSCOMS and ICPs on a quarterly basis.

(5) Assist other SYSCOMS and the ICPs in eliminating

excesses quickly and efficiently, by directing appropriate redistribution or disposal actions.

7. Action

a. Director, Supply Programs and Policy Division (N41)

(1) Act as the Navy's central point of contact and coordination point for all logistics issues concerning GFM in accordance with reference (a).

(2) Provide oversight for all GFM management systems, monitoring the timely correction of deficiencies associated with the management of GFM.

(3) Approve ADP systems for use in managing GFM.

b. Navy Systems Commands/Strategic Systems Project Office

(1) Establish a central point of contact for logistics management of GFM.

(2) Implement approved systems to obtain full visibility and control of GFM.

(3) Develop a master consolidated listing of excess GFM held by contractors.

(4) Develop procedures to share information on redistributable excesses.

(5) Provide implementing instructions to the Chief of Naval Operations (N41) within 120 days of the date of this instruction.

c. Comptroller of the Navy. Provide guidance and assistance on reimbursement for excess material transferred from one SYSCOM to another.



R. R. SAREERAM  
By direction

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